



*Mike Huckabee*  
Governor of Arkansas  
Chairman

*Janet Napolitano*  
Governor of Arizona  
Vice Chair

*Raymond C. Scheppach*  
Executive Director

October 18, 2005

The Honorable Bill Frist  
Majority Leader  
United States Senate  
Washington, D.C. 20510

The Honorable Harry Reid  
Minority Leader  
United States Senate  
Washington, D.C. 20510

The Honorable Charles E. Grassley  
Chairman  
Senate Finance Committee  
Washington, D.C. 20510

The Honorable Max Baucus  
Ranking Minority Member  
Senate Finance Committee  
Washington, D.C. 20510

Dear Senator Frist, Senator Reid, Chairman Grassley and Senator Baucus:

The nation's governors wish to reiterate our positions on two separate but critical issues pending before Congress. First, we appreciate and urge full funding of the federal commitments to make all states whole for costs incurred in providing Medicaid and other services for the survivors of Hurricane Katrina. Second, should reconciliation move forward, governors continue to support their recommended Medicaid flexibilities, but oppose reform proposals that simply shift costs from the federal government to states.

The governors' top priority is to continue to assist the citizens of the Gulf States most directly affected by Hurricane Katrina. The provision of full federal funding for the health care needs of Katrina survivors from the directly impacted counties and parishes in Louisiana, Mississippi and Alabama—regardless of where they currently reside—is critical as states work to ensure continuity of care and appropriate medical treatment for the evacuees. Without reservation, many states are providing health care and TANF-related services for evacuees. These actions were followed by federal commitments to reimburse states. Those commitments must be fulfilled without adding to the burden of the three directly impacted states.

Governors also remain committed to our August 29 Medicaid reform recommendations including the following categories of reform: 1) prescription drugs; 2) long term care; 3) cost sharing; and 4) benefit flexibilities. The criteria used to develop the recommendations were that they had to represent good public policy irrespective of the potential budget savings, generate both federal and state savings and be implemented efficiently.

The nation's governors continue to support these criteria and proposals, but strongly oppose changes, such as limits on provider taxes, that simply shift costs from the federal government to the states.

Thank you for continuing to work with us to address these critical issues.

Sincerely,

Governor Mike Huckabee

Governor Janet Napolitano